

Telecommunications
E Commerce
Technology
Corporate & Finance
Trademarks
Proprietary Rights
Complex Litigation
General Business Law

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Arizona Corporation Commission
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August 2, 2000

VIA FEDERAL EXPRESS

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

**Re: Docket No. T-03651A-98-0633, OLS, Inc.
Response to Arizona Corporation Commission Request for
Additional Information**

Ladies and Gentlemen:

On behalf of OLS, Inc. (OLS) herewith is filed the original and ten (10) copies of OLS's response to the Corporation Commission's request for additional information.

- A. **Include a copy of your Company's most recent balance sheet, income statement, audit report (if audited), and all related notes to these financial statements. See Exhibit 1.**
- B. **If the balance sheets you submit do not have retained earnings accounts, please provide this account information on a separate sheet. Not Applicable.**
- C. **Will your customers be able to access alternative toll service providers or resellers via 1+ or 10XXXX access, if your system becomes non-operational. Yes.**
- D. **Is your company currently reselling telecommunications service in Arizona? Yes**

Docket Control
August 2, 2000
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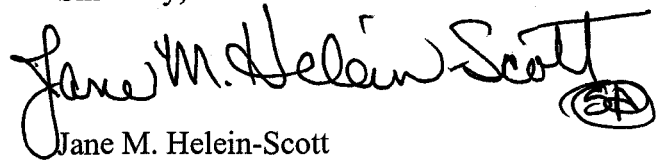
- E. **List the names of all owners, partners, limited liability company managers, or corporation officers and directors, and indicate percentages of ownership:**

Geri Eubanks - 50% - Vice-President, Treasurer and Director
Gary Eubanks - 50% - President, Secretary and Director

The affidavits of publication of legal notice will be forwarded to the Commission upon receipt.

Please date stamp and return the extra copy of this transmittal in the self-addressed and postage pre-paid envelope provided for this purpose. Please direct all inquiries regarding this filing to the attention of Paul Dean or the undersigned. Thank you.

Sincerely,


Jane M. Helein-Scott
Legal Assistant

Enclosures

cc: Ms. Geri Eubanks

ATTACHMENT 1
FINANCIAL STATEMENTS
OLS, INC.

07/26/00

OLS, Inc.
Balance Sheet
 As of December 31, 1999

	<u>Dec 31, '99</u>
ASSETS	
Current Assets	
Checking/Savings	
Money Market Acct	459,663.71
Operating - Checking	359,217.97
Payroll-New	9,939.26
Petty Cash	900.00
Total Checking/Savings	<u>829,720.94</u>
Accounts Receivable	
Accounts Receivable	
ZPDI-A/R	390,639.88
Total Accounts Receivable	<u>390,639.88</u>
Total Accounts Receivable	390,639.88
Other Current Assets	
Deposits	3,925.00
Total Other Current Assets	<u>3,925.00</u>
Total Current Assets	1,224,285.82
Fixed Assets	
Accumulated Depreciation	-86,947.50
Equipment	240,754.75
Furniture and Fixtures	40,864.96
Land	8,254.00
Leasehold Improvements	125,692.77
Total Fixed Assets	<u>328,618.98</u>
TOTAL ASSETS	<u><u>1,552,904.80</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	1,050,995.17
Total Accounts Payable	<u>1,050,995.17</u>
Other Current Liabilities	
Group Health Insurance	733.74
Loan - AE	130.00
Payroll Liabilities	15,883.02
Peoples Financial Corp. - STN	268.44
Wage Garnishment - Various	236.60
Total Other Current Liabilities	<u>17,251.80</u>
Total Current Liabilities	<u>1,068,246.97</u>
Total Liabilities	1,068,246.97

07/26/00

OLS, Inc.
Balance Sheet
As of December 31, 1999

	<u>Dec 31, '99</u>
Equity	
Capital Stock	16,178.43
Retained Earnings	249,942.99
Net Income	<u>218,536.41</u>
Total Equity	<u>484,657.83</u>
TOTAL LIABILITIES & EQUITY	<u>1,552,904.80</u>

07/26/00

OLS, Inc.
Profit and Loss
 January through December 1999

	<u>Jan - Dec '99</u>
Ordinary Income/Expense	
Income	
Credits	
Direct Credits	-201,654.96
USBI Credits	-1,826,307.09
Total Credits	-2,027,962.05
Sales Revenue	
LD Revenue	16,319,216.33
Line Charges	675,265.61
Service Fees	3,798,205.38
Total Sales Revenue	20,792,687.32
Total Income	18,764,725.27
Cost of Goods Sold	
Advertising - Long Distance	1,216,545.48
Billing & Collection Fees	
Inquiry Fees	420,197.82
Billing & Collection Fees - Other	1,593,578.12
Total Billing & Collection Fees	2,013,775.94
Bonus	39,759.12
LOA cost	3,067,650.96
Overtime Wages	11,405.70
Postage	2,051.32
Regular Wages	656,049.24
Spiffs	67,832.94
Supervisor Salary	71,732.60
Training Wages	7,398.55
Usage Charges	5,165,129.28
Total COGS	12,319,331.13
Gross Profit	6,445,394.14
Expense	
Automobile Expense	
Vehicle Fuel	5,542.45
Vehicle Insurance	1,228.91
Vehicle Lease	14,154.71
Automobile Expense - Other	2,000.05
Total Automobile Expense	22,926.12
Bad debt Expense	
Bad Debt Exp - ZPDI	1,952,219.46
Unbillable - ZPDI	1,107,140.04
Total Bad debt Expense	3,059,359.50

07/26/00

OLS, Inc.
Profit and Loss
 January through December 1999

	<u>Jan - Dec '99</u>
Bank Service Charges	515.61
Conference Expense	132,327.29
Contributions	485.00
Depreciation Expense	54,041.48
Dues and Subscriptions	5,976.03
Equipment Rental	40,038.43
Insurance	
Health	53,156.63
Liability	2,881.39
Work Comp	7,420.69
Total Insurance	63,458.71
Interest Expense	
Interest Expense - ZPDI	299,638.98
Interest Expense - Other	232,730.28
Total Interest Expense	532,369.26
Licenses and Permits	
Filing Fees	50,348.76
Penalties - Filing	33,450.56
Total Licenses and Permits	83,799.32
Office Supplies	88,666.67
Payroll Taxes Expense	157,120.05
Postage and Delivery	9,998.51
Printing and Reproduction	75,781.17
Professional Fees	
Accounting	1,000.00
Legal Fees	210,015.38
Professional Development	169,317.61
Programming Fees	8,993.54
Professional Fees - Other	6,850.00
Total Professional Fees	396,176.53
Recruiting	22,580.10
Rent	54,816.75
Rent- Athens	32,500.00
Repairs and Maintenance	
Building Repairs	76,594.88
Equipment Repairs	21,350.26
Janitorial Exp	15,530.72
Security System	3,895.22
Total Repairs and Maintenance	117,371.08
Salaries and Wages	
Admin Salaries and Wages	735,936.89
Officer's Salary	323,900.14
Total Salaries and Wages	1,059,837.03

07/26/00

OLS, Inc.
Profit and Loss
January through December 1999

	<u>Jan - Dec '99</u>
Taxes	
Excise Tax	4,732.48
Federal	65,039.00
Franchise	5,924.00
Property	862.06
State	<u>22,576.47</u>
Total Taxes	99,134.01
Telephone	68,806.16
Temporary Help	17,479.02
Travel & Ent	
Meals and Entertainment	9,319.55
Travel and Lodging	<u>14,915.96</u>
Total Travel & Ent	24,235.51
Utilities	<u>16,722.40</u>
Total Expense	<u>6,236,521.74</u>
Net Ordinary Income	208,872.40
Other Income/Expense	
Other Income	
Interest Income	<u>9,664.01</u>
Total Other Income	<u>9,664.01</u>
Net Other Income	<u>9,664.01</u>
Net Income	<u><u>218,536.41</u></u>